

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

THIRTEENTH CONGRESS

First Regular Session

House Bill No. 3347



Introduced by **HONORABLE SUHARTO T. MANGUDADATU**

EXPLANATORY NOTE

It is the mandate of the State to protect and promote the welfare of Overseas Filipino workers and to uplift the living standards of the worker's families. Pursuant thereto, overseas Filipino workers shall be encouraged to remit their earnings from overseas and the State shall, in turn, safeguard and oversee the participation of the said worker's remittances and savings in investment and other productive undertakings for the benefit of the national economy.

This bill which seeks to create an Overseas Filipino Workers Pension Fund envisions to provide a mechanism for a more efficient and rationalized management of OFW's pension fund by creating a board tasked primarily to administer and promote the OFW and his family's interest with regard to the funds pooled comprising the OFW pension fund.

It is an undisputed fact that most of our Overseas Filipino workers are subject to strenuous and risky working conditions. Inescapably, they are also victims of their employers' iniquitous labor practices. Bereft of opportunities in their mother country, they manage to endure these pathetic plights abroad just to support their families left at home.

It is therefore essential to devise a system in order to afford these unsung heroes and their families a guaranteed capital to start off in the event that an unforeseen misfortune afflicts them in the course of their work. This bill is believed to address this concern.

Generally, the passage of this bill will also provide impetus for a better promotion of the interests and welfare of our OFW's. Hence, its immediate approval is ardently sought.


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AN ACT
CREATING THE OVERSEAS FILIPINO WORKERS PENSION FUND AND
APPROPRIATING FUNDS THEREFOR

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Short Title – This Act shall be known as the “Overseas Filipino Workers Pension Fund Act of 2004.

SECTION 2. Declaration of Policy - It is the policy State to protect and promote the welfare of Overseas Filipino Workers and to uplift the living standards of the worker’s families. Pursuant thereto, Overseas Filipino Workers shall be encouraged to remit earnings form overseas and the State shall , in turn, safeguard and oversee the participation of the said workers’ remittances and savings in investment and other productive undertakings for the benefit of the national economy.

SECTION 3. Definition of terms:

(a) “Overseas Filipino Worker” shall refer to a Filipino citizen who is employed or has been employed outside of the Philippines;

b) “Fund” shall refer to Overseas Filipino Workers Pension fund

c) Board ” shall refer to the “Overseas Filipino Workers Pension Fund Board;

d) “ Beneficiaries” shall refer to the dependent spouse of an Overseas Filipino Worker, his d dependent children, who are the primary beneficiaries.

In the absence of the foregoing, any other person designated by the Overseas Filipino Workers.

SECTION 4. Overseas Workers Pension Fund – In accordance with the above stated policy, there shall be created an Overseas Filipino Workers Pension Fund. All Overseas Filipino Contract Workers who are duly registered as such with the Philippine Overseas Employment Administration (POEA) and the Commission on Filipino Overseas (CFO) shall remit (5%) percent of their gross monthly income to the Fund for five (5) years.

SECTION 5. Overseas Filipino Workers Pension Fund Board – The fund shall be administered by the Overseas Filipino Workers Pension Fund Board, hereinafter referred to as the Board. The board is hereby vested with corporate powers in accordance with existing laws and shall be composed of the following:

- 1.) The Secretary of Labor and employment , Chairman
- 2.) The Secretary of Finance, Member
- 3.) The Governor of the Bangko Sentral ng Pilipinas, Member,
- 4.) The Administrator of the Philippine Overseas Employment Administration, Member and
- 5.) one (1) representative of the Overseas Filipino Workers as member to be appointed by the President upon the recommendation of the Secretary of Labor and Employment. The representative shall receive a per diem of one thousand pesos (P 1,000.00) and transportation cost for every Board meeting attended.

All Ex-officio members of the Board shall receive no additional compensation.

The Board shall within forty-five days (45) form the appointment of its members shall promulgate such rules and regulations as maybe necessary to implement the provisions of this Act.

In addition, the Board shall adopt the by-laws of the fund and set the date, time and place of regular board meetings. The Board shall establish the eventual organizational support, hire, and oversee highly competent personnel/and or existing institution to implement the appropriate operating systems, plans and other provisions of this Act.

The Board shall report to the President and to Congress the progress of its task and business on a semi-annual basis.

SECTION 6. Powers/Functions of the OFW Pension Fund Board- the Overseas Workers Pension Fund Board shall have the following powers and functions:

1) to encourage the greater participation of Overseas Filipino workers in official remittances of pension by way of:

a. developing a network/consortium of commercial banks to maximize the use of their resources in serving the pension remittance needs of the Overseas Filipino workers

b. enlisting the support of various government agencies in information and marketing campaign concerning pension remittance services and other programs.

c. Issuing special receipts through accredited financial institutions as evidence of the government's guarantee for the worker's foreign exchange pension remittances;

d. pooling the peso equivalent of pension remittances of Overseas Filipino Workers coursed through the banking system

- 2) to accept and administer pension funds which shall then be guaranteed by the Republic of the Philippines;
- 3) to establish and implement a system to ensure that workers shall remit five percent (5%) of their gross monthly earnings to their host countries;
- 4) To cause the conduct of periodic surveys about the condition of workers and worker's pension remittances
- 5) To administer other property under its custody
- 6) to adopt, amend or change its by-laws, to adopt, alter or use a seal; to enter into contracts; to sue and be sued; to exercise the general powers of a corporation.

SECTION 7. Administration- There shall be an administrator who shall manage the day-to day affairs of the Fund. He shall serve as the Chief executive Officer immediately responsible for carrying out the programs and policies of the fund. He shall be assisted by a deputy administrator. Both the administrators shall be appointed by the President of the Philippines.

SECTION 8. Effectivity Date of Coverage – All Filipino Overseas Workers who are duly registered as such with the Philippine Overseas Employees Administration and/or the Commission on Filipino Overseas as provided in Section 4 hereof shall, for pension purposes, be compulsorily covered on the first day of his employment in a foreign land.

SECTION 9. Effect of Separation from Employment – When a covered Overseas Filipino Worker is separated from employment, his obligation to pay contributions arising from that employment shall cease at the end of the month of separation. However, he shall be credited with all contributions paid and shall be entitled to pension benefit provided under this Act provided he has paid the minimum number contributions, otherwise, his contribution shall be refunded to him with interest to be determined by the board.

SECTION 10. Monthly Pension – The monthly pension of an Overseas Filipino Workers under this Act shall be the sum of the following:

- The average monthly salary credited multiplied by the replacement ratio; and
- One and a half percent (1 ½ %) of the average monthly salary credit for each credit year of service in excess of ten years.
- The monthly pension shall in no case be less than Five Hundred Pesos (P500.00) nor paid in aggregate amount of less than 60 times the monthly pension.

SECTION 11. Dependent's pension – The dependent's pension shall be equivalent to ten percent (10%) of the monthly pension for each dependent's child which shall not exceed five, beginning with the youngest and shall be without substitution.

SECTION 12. Death Benefits – Upon the death of a covered Overseas Filipino Worker, his primary beneficiaries shall be entitled to the monthly pensions and dependents' pensions; Provided, however, that the deceased has paid at least thirty-six (36) monthly contributions prior to the semester of his death. If the foregoing condition is not satisfied, his primary beneficiaries shall be entitled to a lump sum benefit equivalent to thirty-five (35) times his monthly pension.

SECTION 13. Permanent Disability Benefit – When a covered Overseas Filipino Worker suffers from a permanent total disability, and such occurs after he had paid at least thirty-six (36) monthly contributions prior to the semester of disability, he shall be entitled to the monthly pension and his dependents to the dependents' pension. If the disability occurs before he has paid thirty-six (36) monthly contributions prior to the semester of disability, he shall be entitled to a lump sum benefit equivalent to (35) times the monthly pension.

SECTION 14. Rules and Regulations. – The Department of Labor and Employment shall, in coordination with the Philippine Overseas Employment Administration and the commission on Filipino Overseas, formulate the necessary rules and regulation that shall govern the implementation of this Act.

SECTION 15. Appropriation. - The amount of Two Million (P2,000,000.00) is hereby appropriated from the National treasury for the operation of the fund, its secretariat and personnel. Thereafter, the amount of Twenty Million Pesos (P20,000,000.00) is hereby appropriated to be taken from the Contingency Fund of the Office of the President to complement the Overseas Workers Pension Fund's Reserve.

SECTION 16. – Repealing Clause. - All laws, decrees, rules regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 17. - Effectivity. – This Act shall take effect upon its approval.

Approved,